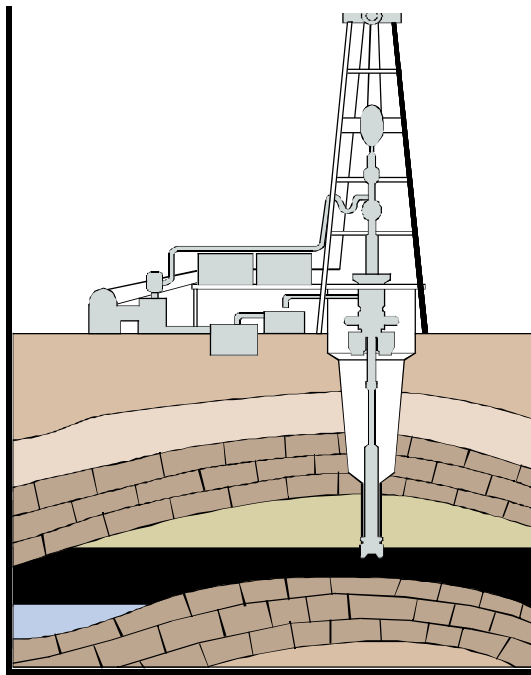


Petroleum

Petroleum is a valuable natural resource and has fueled the economic growth of the United States for nearly 135 years. By providing us with the means to power our transportation needs, petroleum has changed the very fabric of American Society. In addition, petroleum and its chemical offshoots form the basis for many of the products we use in our everyday lives. Such things as plastics, synthetic rubber, nylon, cosmetics, and even concentrated food additives are derived from the processing of raw petroleum. More than 30 states produce petroleum and Indiana is one of these producer states.

Division of Oil and Gas

In 1859, Colonel Edwin Drake drilled the first commercial oil well in the United States outside of Titusville, Pennsylvania. A mere 28 years later, the first oil and gas wells were being drilled in Indiana.



Early petroleum production was very intense and was not controlled by good conservation practices. This led to an unrecoverable loss of petroleum resources. When petroleum was discovered in Southwestern Indiana in 1938, the state legislature recognized that it could not allow the unbridled exploration activity which had taken place in the 1880's to threaten the petroleum resources of this area as well. This led to the passage of the first oil and gas statute in 1947. Within two years, the Division of Oil and Gas began the process of instituting resource conservation practices which were designed to

from overdevelopment. During the first four decades of its existence, the principal job of the division was resource conservation. During the 1980's the recognition of environmental concerns led the division to develop programs which addressed not only the conservation of the resource but the protection of the environment.

Environmental Role

In 1985, legislation was passed which directed the division to obtain primary enforcement authority, or Primacy, from the U.S. Environmental Protection Agency for controlling the underground injection of oilfield waste fluids. This program which is called the U.I.C., or Underground Injection Control, program is designed to ensure that the disposal of salt water and associated fluids is accomplished in a manner that

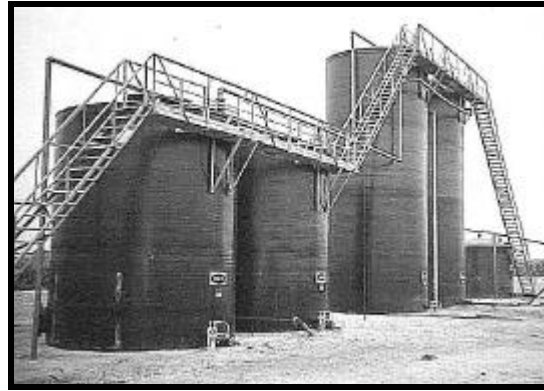
**Today we recognize
that programs must
address both
conservation and
environmental issues**

groundwater resources. There are about 1,400 injection wells of this type in Indiana and each is inspected at least twice each year to make sure that operations are being conducted according to the oil and gas rules and the conditions specified in the operating permit which is granted by the division.

Appl. # 040921 Appl. Type : New Surf. Elev. 927 ft	STATE OF INDIANA DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL AND GAS	Permit # 50349 Issued 9/22/94
DRILLING AND OPERATING PERMIT		
Robert Toth is hereby authorized, pursuant to IC 13-8, to drill and operate a well for GAS at the following location: Section 35, Township 24 North, Range 13 East, SW, SW, 214' SL, 330' WL, Jay County; known as the Robert Toth #1. This permit is valid to the Tranton formation at an estimated depth of 1000 ft.		
Important: The Field Inspector must be notified by the permittee: 1. Before drilling commences 2. In the event of an emergency 3. Forty-eight (48) hours prior to plugging 4. When coal Seam protection is required		
Maurice Hughes Field Inspector	(317) 372-0464 Phone #	Michael P. Nickolaus Assistant Director
THIS PERMIT MUST BE POSTED AT THE WELL SITE BEFORE DRILLING COMMENCES		

In addition to the U.I.C. program, the division maintains environmental controls which are designed to minimize the risk of surface pollution from oil fluid storage sites and to restore well sites to as near pre-drilling conditions as possible.

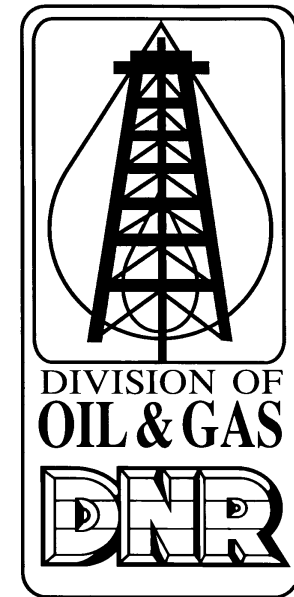
By developing programs that take advantage of the best available technologies to protect natural resources, we can all continue to benefit.



Prevention of pollution is the best line of defense in environmental protection, but the division is also pursuing the correction of ongoing environmental problems from improperly abandoned wells through its Environmental Fund which was enacted in 1990. This fund was earmarked for the mitigation of environmental damage caused by facilities which fall under the jurisdiction of the division.

The most important thing to remember is that protection of the environment goes hand in hand with the development of the petroleum resources of Indiana and that we cannot trade one resource for another.

Oil and Gas in Indiana



Key Contacts in the Division of Oil and Gas

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